



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

### REVISED

June 15, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#27 JUNE 29, 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
ESTABLISH CAPITAL PROJECT, APPROVE PROJECT BUDGET,  
APPROVE USE OF COMMERCIAL PAPER PROCEEDS, AND  
ADOPT REIMBURSEMENT RESOLUTION FOR THE  
DATA CENTER MOVE MANAGEMENT PROJECT  
AT THE MARTIN LUTHER KING, JR. MEDICAL CAMPUS  
CAPITAL PROJECT NO. 88950  
(SECOND DISTRICT) (3 VOTES)**

### SUBJECT

Establishment of Capital Project No. 88950, and approval of the project budget for the Data Center Move Management Project at the North Services Building on the Martin Luther King, Jr. (MLK) Medical Campus. Also, approval of the issuance of tax-exempt commercial paper to fund the project and adoption of the attached reimbursement resolution to allow ultimate financing through the issuance of long-term bonds.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find the remodel of the existing data center at the Martin Luther King, Jr. Medical Campus to be categorically exempt from the California Environmental Quality Act under Section 15301, Classes 1 (a) and (f) of the County of Los Angeles Environmental Procedures and Guidelines adopted by your Board on November 17, 1987, for the reasons stated in this letter and the project record.

*"To Enrich Lives Through Effective And Caring Service"*

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2. Approve and establish Capital Project No. 88950 for the Data Center Move Management project-at the Martin Luther King, Jr. Medical Campus with a project budget of \$5,500,000.
3. Approve the use of \$5,500,000 in tax-exempt commercial paper proceeds to provide the project financing for the Data Center Move Management Project, with the anticipation of ultimately financing project costs through the issuance of long-term bonds.
4. Adopt the "Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Reimburse Certain Capital Expenditures from the Proceeds of Taxable or Tax-Exempt Obligations (~~2010-TECP Projects~~) (MLK Jr. Medical Center Data Center Move Management Project)".
5. Award and authorize the Director of Public Works to execute an agreement with Stephen Wen and Associates, Inc., to provide design services for a \$398,000 not-to-exceed fee.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will approve and establish the project, authorize design and construction activities, and allow the Department of Public Works (Public Works) to deliver the project as an interim step to the integration of data center operations for the Departments of Health Services (Health Services) and Mental Health (Mental Health) into the Countywide Data Center Project.

#### **Background**

In December 2006, your Board approved the County Data Center Project, located on the Rancho Los Amigos South Campus in the City of Downey, which will house critical data systems that are currently located in the existing County Data Center, as well as data systems for the Departments of Public Social Services, Public Library, Probation, Assessor, Public Works, Registrar-Recorder/County Clerk, and the Treasurer and Tax Collector. At that time, Health Services and Mental Health requested to continue their individual department data centers at existing locations and chose not to participate in the County Data Center Project.

On December 8, 2009, your Board authorized an increase in the project budget and timeline for the Data Center Project to be located at the Rancho Los Amigos site. The Data Center Project is now scheduled to be completed in August of 2014.

Since that time, Mental Health and Health Services have experienced recurring equipment failures and power outages. The cooling and power infrastructures at the existing data center facilities do not have sufficient capacity to sustain current requirements and mission critical operations in a reliable manner. Options to address the infrastructure situation have been explored, including leasing privately owned data center space, and were determined to be either too costly or unable to meet the long-term goals of reliability and cost-effectiveness. Inclusion into the Countywide Data Center was determined to be the most cost-effective long-term solution. The proposed Data Center Move Management Project will be designed and constructed to allow for sufficient capacity to address the two department's interim data center needs.

Due to the ongoing issues being experienced with the existing data centers operated by Health Services and Mental Health, it has been determined that an interim data center location is required to support the ongoing needs of these departments. This interim location will occupy approximately 2,100 square feet adjacent to the current MLK Medical Campus data center located in the North Support Building. The proposed project consists of demolition and remodeling work in an unused portion of the existing MLK Data Center, including architectural, mechanical, and electrical upgrades in the proposed location, as well as an upgrade to the existing electrical service to the building in order to meet current building codes. This work will be completed through the use of a Job Order Contractor (JOC) and is scheduled to be completed in July 2011 (see Attachment). Once the permanent County Data Center Project has been completed and the two departments relocate to Downey, the space created by this data center project will be utilized by the new MLK Multi-Service Ambulatory Care Center (MACC) that is scheduled to be completed in 2013.

### **Reimbursement Resolution**

We are requesting that your Board execute the attached Reimbursement Resolution, as approved by County Counsel, to comply with Federal tax regulations governing the recovery of County capital costs on the Data Center Move Management Project from tax-exempt bond proceeds. Execution of the Reimbursement Resolution will enable the County to maximize reimbursement of capital costs on the project. We will consult with the Treasurer and Tax Collector and return to your Board with recommendations for the issuance of long-term bonds to redeem commercial paper proceeds used for the project and to finance project costs over the useful life of the improvements.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we provide Operational Effectiveness (Goal 1) as the project is an investment in public infrastructure.

### **FISCAL IMPACT/FINANCING**

The total cost of the interim Data Center Project at the MLK Medical Campus, including plans and specifications, plan check, construction, change orders, civic art allocation, consultant services, miscellaneous expenditures, and County services, is estimated at \$5,500,000. The project is funded with commercial paper proceeds. Our office will consult with the Treasurer and Tax Collector and return to your Board with long-term bond financing recommendations. Timing of recommended bond issuance is uncertain and will be determined based on market conditions. The current action does not limit your Board's options concerning the ultimate form or amount of long-term financing used for these capital projects. The Project Schedule and Budget Summary are included in the Attachment.

Costs of integrating the data center facilities for Health Services and Mental Health will be reported in the final construction contract award for the Countywide Data Center Project in the fourth quarter of 2010.

### **Operating Budget Impact**

There is no impact to the operating budgets of Health Services and Mental Health.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The architectural/engineering agreement will be in the form previously reviewed and approved as to form by County Counsel. The proposed agreement will contain terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

The attached Reimbursement Resolution has been reviewed and approved by County Counsel.

### **ENVIRONMENTAL DOCUMENTATION**

Approval of these recommendations will have no environmental impact. The proposed project has been determined to be categorically exempt from the California Environmental Quality Act under Section 15301, Classes 1 (a) and (f) of the County of Los Angeles Environmental Procedures and Guidelines adopted by your Board on November 17, 1987, because the work is an interior alteration and rehabilitation of involving interior partition, plumbing, electrical, and mechanical equipment to meet current standards of Public Health and Safety.

### **CONTRACTING PROCESS**

Stephen Wen and Associates, Inc., has been selected using the Architectural Evaluation Board's accelerated selection process, and an acceptable fee has been negotiated to deliver architectural/engineering services for the Data Center Move Management Project at the MLK Medical Campus.

Construction of the Data Center Move Management Project at the MLK Medical Campus will be carried out by Board-approved JOCs. Stephen Wen's Community Business Enterprises participation data and three-year contracting history are on file with Public Works.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

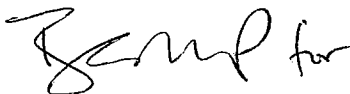
There will be no negative impact on current County services or projects during the performance of this work. The existing MLK MACC, and Health Services and Mental Health's existing data centers will remain fully operational during construction.

The Honorable Board of Supervisors  
June 15, 2010  
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**CONCLUSION**

Please return an adopted copy of this letter to the Chief Executive Office, Capital Projects Division; Public Works, Project Management I; Health Services; and Mental Health.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the typed name.

WILLIAM T FUJIOKA  
Chief Executive Office

WTF:GF:SK  
DJT:SW:zu

Attachments

c: Executive Office, Board of Supervisors  
County Counsel  
Arts Commission  
Department of Health Services  
Department of Mental Health  
Department of Public Works  
Treasurer and Tax Collector

June 15, 2010

**ATTACHMENT**

**DEPARTMENT OF PUBLIC WORKS:  
ESTABLISH CAPITAL PROJECT, APPROVE PROJECT BUDGET,  
APPROVE USE OF COMMERCIAL PAPER PROCEEDS, AND  
ADOPT REIMBURSEMENT RESOLUTION FOR THE  
DATA CENTER MOVE MANAGEMENT PROJECT  
AT THE MARTIN LUTHER KING, JR. MEDICAL CAMPUS  
CAPITAL PROJECT NO. 88950**

**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Approved Completion Dates</b>
Design	08/10
Jurisdictional Approval	09/10
Construction Substantial Completion	05/11
Acceptance of Project	07/11

## II. PROJECT BUDGET SUMMARY

Project Activity	Project Budget
Land Acquisition	\$ 0
Construction	
Low Bid Construction Contract	\$ 0
Job Order Contract	0
Change Orders	3,397,200
Departmental Crafts	602,800
Youth Employment	0
Construction Consultants	0
Misc. Expense	0
Telecomm Equip - Affixed to Building	193,000
Civic Art	0
Subtotal	\$4,193,000
Programming/Development	\$ 0
Plans and Specifications	\$ 526,500
Consultant Services	
Site Planning	\$ 0
Hazardous Materials	35,000
Geotech/Soils Report and Soils Testing	0
Material Testing	50,000
Cost Estimating	0
Topographic Surveys	0
Construction Management	0
Construction Administration	0
Environmental	0
Move Management	0
Equipment Planning	0
Legal	0
Construction/Change Order	0
Code Compliance Inspection	25,000
Quality Control Inspection	25,000
Other:	38,500
Subtotal	\$ 173,500
Miscellaneous Expenditures	\$ 10,000
Jurisdictional Review/Plan Check/Permit	\$ 15,000
County Services	
Code Compliance Inspection	\$ 0
Quality Control Inspection	0
Design Review	0
Design Services	0
Contract Administration	20,000
Project Management	350,000
Project Management Support Services	50,000
ISD Job Order Contract Management	0
DPW Job Order Contract Management	50,000
ISD ITS Communications	25,000
Project Security	0
Project Technical Support	75,000
Office of Affirmative Action	12,000
County Counsel	0
Other:	0
Subtotal	\$ 582,000
<b>TOTAL</b>	<b>\$5,500,000</b>



RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAXABLE OR TAX-EXEMPT OBLIGATIONS .  
(MLK Jr. Medical Center Data Center Move Management Project)

WHEREAS, from time to time the County of Los Angeles (the "County") desires and intends to expend funds on the Data Center Move Management Project at the Martin Luther King, Jr. Medical Campus (the "Project"), as set forth in Attachment 1 hereto and incorporated by this reference; and

WHEREAS, certain costs of the Project will initially be paid from amounts temporarily withdrawn from the General Fund of the County of Los Angeles; and

WHEREAS, the costs of the Project paid with funds temporarily withdrawn from the General Fund of the County of Los Angeles are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Project, and

WHEREAS, the County expects to issue taxable or tax-exempt bonds, notes, commercial paper or certificates of participation, or enter into a tax-exempt lease with a third-party lessor (collectively, "Obligations") to reimburse the capital expenditures of the County with respect to the Project which were paid with amounts initially withdrawn from the County's General Fund; and

WHEREAS, no funds of the County or of any other entity which is a part of

the controlled group of which the County is a part (the "Controlled Group") as such term is defined in Section 1.150-1 of the regulations of the United States Treasury under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations") are, or are reasonably expected to be, allocated, reserved or otherwise set aside in the County's budget or in the Controlled Group's budget on a long-term basis to pay the portion of the costs of the Project which are to be reimbursed with proceeds of the Obligations; and

WHEREAS, upon issuance of the Obligations, the County will:

(1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations and (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the same manner governing the public availability of records of other official acts of the County Board of Supervisors; and

WHEREAS, this Resolution is intended to be a "declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations;

NOW, THEREFORE, this Board does find, resolve, determine and order that in accordance with Section 1.150-2 of the Treasury Regulations, the County declares its intention to issue Obligations to finance costs of the Project in an amount not to exceed \$5,500,000, the proceeds of which will be used to reimburse the County

for capital expenditures paid for the Project prior to the issuance of said Obligations.

The foregoing resolution was on the 29<sup>th</sup> day of June, 2010  
adopted by the Board of Supervisors of the County of Los Angeles.



SACHI A. HAMAI, Executive Officer,  
Board of Supervisors of the County  
of Los Angeles

By

  
Deputy

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
COUNTY COUNSEL

By

  
Principal Deputy County Counsel

ATTACHMENT 1

to

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO  
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE  
PROCEEDS OF TAXABLE OR TAX-EXEMPT OBLIGATIONS  
(MLK Jr. Medical Center Data Center Move Management Project)

**Martin Luther King, Jr. Medical Center Medical Center Data Center Move  
Management Project**

**Project Description:**

Remodel and refurbishment of the 2,100-square-foot data center, located in the North Service Building, on the Martin Luther King Jr., medical campus to expand data storage capacity. This project will involve demolition and remodeling work, including architectural, mechanical and electrical upgrades in the proposed location, as well as, an upgrade to the existing electrical service to the building in order to meet current building codes.